Non-technical Summary

The Eastern enlargement of the EU is a project with huge political and economic chances. In spite of these chances, the success of the enlargement process is by no means certain as can be seen from the difficult accession negotiations. For the success of the enlargement process it is important to have a better understanding of the obstacles. These obstacles are at least partially of a political-economic nature. Even though there are good arguments to regard enlargement as a "win-win" project improving welfare for new and old member countries, enlargement might nevertheless hurt personal interests of important actors. This kind of political-economic obstacle to enlargement is the focus of this paper. For this purpose, standard public choice reasoning is applied. The starting assumption of the analysis is that the enlargement process can only be successfully completed if the interests of decisive actors in present EU countries are respected.

Consequently, the interests of EU-15 governments, Members of the European Parliament and Commissioners are explored. It turns out that Eastern enlargement is not necessarily popular among many of these actors due to following reasons: Enlargement is not a popular issue among voters in the present EU member countries, it also reduces the capacity of the EU budget to serve important interest groups in the EU-15 countries. Members of the European Parliament will particularly suffer from a deterioration of re-election chances due to the 700-seats-cap on the size of Parliament. Actors can be expected to compare these disadvantages with advantages of enlargement that arise from the larger size of EU for example due to a better internalisation of externalities.

Enlargement negotiations are further burdened by a strategic difficulty that results from the fundamental difference between candidates' pre-entry and post-entry power. While before accession a candidate country seems to be in a very weak bargaining position, after accession it necessarily acquires equal rights to take part in the EU institutions' decision making. Thus, post-entry the country will have equal rights for example in shaping EU transfer policies. This strategic constellation complicates negotiations since it makes it impossible for candidate countries today to commit to a certain long-run distribution of enlargement's costs and benefits that would safeguard the interest of EU-15 actors.

Based on this strategic and political-economic insights the paper offers a re-interpretation of the Intergovernmental Conference 2000 (IGC 2000) and the Treaty of Nice. Since the IGC is probably the last opportunity to change the EU constitution without requiring a consent with the new members, the IGC will also be used to protect the interests of EU-15 actors during and after enlargement for the disadvantage of new members. There are two different approaches to protect the interests of present EU actors. The first approach aims at permanent constitutional

changes that work for the advantage of actors from incumbent member countries. Examples concern the re-weighting of votes for the disadvantage of smaller countries, the extension of qualified majority and easier conditions for closer cooperation among a subgroup of member countries. The second approach uses transitory rules that helps present individuals without giving a permanent protection for people that in future will replace these individuals. An example concerns comfortable interim provisions until the reduction of EU-15 seats in the European Parliament takes effect.

The final part of the paper presents some indicators for the attraction of different candidate countries from the perspective of decisive actors in EU-15. In the logic of the political-economic approach, those candidates should be most attractive that – for a given size of GDP - combine relatively few political power in EU institutions with low stress on EU transfer policies. The countries of the Luxembourg group plus Slovakia are shown to lead in terms of political-economic attraction although the results have to be treated with some caution due to the necessary arbitrariness in the construction of any such indicator.

The paper concludes with some normative considerations: It is an often experienced fact of political life that welfare improving projects do not necessarily materialise due to the resistance of vested interests. This danger is also real in regard to EU enlargement and it is hardly a promising strategy to simply appeal for more altruism in politics. The economic profession, however, should work harder to find evidence for the benefits and to come to a more realistic assessment of existing risks of enlargement. A better public knowledge about these issues would be likely to make enlargement more popular among the general public in EU-15. In a democracy, this is the most promising way to make the success of the project compatible with the self-interest of elected governments.

The Political Economy of
EU Enlargement and the Treaty of Nice

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Abstract: The paper applies standard public choice reasoning to the negotiations on EU enlargement and the Treaty of Nice. The starting point is the assumption that accession can only be successfully completed if the interests of decisive actors in present EU countries are respected. Decisive actors in the West are the members of the European Parliament, individuals in national governments and in the Commission. Personal costs and benefits of these individuals are analysed with respect to enlargement. Furthermore, the basic strategic issues of the negotiations are depicted that arise from the different pre-entry and post-entry position of new members. The Intergovernmental Conference is reinterpreted as an opportunity of EU-15 actors to protect their personal interests in an enlarged Community. The relative attractiveness of the 13 official candidate countries is assessed on the basis of some indicators that emerge as important from the political-economic approach. The paper concludes by giving some cautious forecasts about likely outcomes of both the Treaty of Nice and the accession bargaining.

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1 Introduction

The Eastern enlargement of the EU is a project with huge political and economic chances. In the political dimension, the perspective of a stable and peaceful continent is a highly promising yield of enlargement. In the economic dimension, the integration of reform countries from Central and Eastern Europe into the single European market offers scope for welfare improvements both in the East and the West. Apart from static gains from trade there is the well justified hope that the growth perspective of the EU as a whole will benefit from the membership of emerging market economies with their high growth potential.

In spite of these chances, the success of the enlargement process is by no means certain as can be seen from the difficult accession negotiations. Since the start of negotiations between the EU and the first countries from Central and Eastern Europe in March 1998 many problems and disappointments have been encountered. While initially the year 2002 was declared to be the desired year of full membership by governments like that from Poland and Hungary, in the meantime later dates are in discussion.

For the success of the enlargement process it is important to have a better understanding of the obstacles. These obstacles are at least partially of a political-economic nature. Even though there are good arguments to regard enlargement as a "win-win" project improving welfare for new and old member countries, enlargement might nevertheless hurt personal interests of important actors. This kind of political-economic obstacle to enlargement is the focus of this paper. For this purpose, standard public choice reasoning is applied. The starting assumption of the analysis is that the enlargement process can only be successfully completed if the interests of decisive actors in present EU countries are respected.

This view leads to a new interpretation both of the character of enlargement negotiations and the Intergovernmental Conference 2000 (IGC 2000) that is to result in the Treaty of Nice. One function of the negotiations that fix the terms of accession in this sense is to defend the interests of individuals like members of the European Parliament, Commissioners and members of present national governments. The constitutional changes through the Treaty of Nice and the choice of member countries can in the same logic also be regarded as instruments to defend the interests of these decisive actors. If these interest can not be guaranteed sufficiently enlargement is in danger.

Even with this rational choice view the preconditions for a successful enlargement would not be very complicated if a complete agreement between old and new members could be fixed. A complete agreement would for all times define the

distribution of costs and benefits of enlargement. Such an agreement could guarantee the decisive actors today that enlargement is beneficial for them. Due to the EU constitution, however, a complete agreement is not possible. The pre-entry and post-entry position of new members differ widely. While before accession a candidate country seems to be in a very weak bargaining position, after accession it necessarily acquires equal rights to take part in the EU institutions' decision making and thus to take part in decision on further burden sharing. This strategic constellation complicates negotiations since it makes it impossible for candidate countries today to commit to a certain long-run distribution of enlargement's costs and benefits.

Enlargement is decided by actors both in the present EU-15 and in the candidate countries. Nevertheless, the focus of this paper is on decisive actors in the West. Although an extension of the analysis to Eastern players would deserve merits, this first step seems more pressing: Presently the necessary unanimous support of EU institutions and governments for enlargement seems to be the far more critical condition for a successful enlargement than the internal consensus in candidate countries in favour of EU membership (see below figures 1 and 3).

Studies on the political-economic dimension of present enlargement negotiations are scarce. While public choice issues have attracted much interest in the transition literature (for example HILLMAN, 1994; BACKHAUS AND KRAUSE, 1997; BASTIAN, 1998), the process of EU enlargement has rarely been analysed in this way. The analysis of BOFINGER (1995) is largely restricted to the interests of trade related lobbies. KOHLER (2000) looks at the interests of EU-15 countries in regard to enlargement but largely abstracts from personal interests of decisive actors in EU institutions. Furthermore these analyses are silent on the strategic consequences resulting from the different pre- and post-entry position of new member countries. BALDWIN ET AL. (1997) is helpful insofar as it analyses the impact of past enlargements on the EU budget in a political-economic perspective.

The analysis proceeds in the following way: The next section identifies decisive actors in EU-15 and looks at their attitude towards enlargement. Section 3 analyses the strategic characteristics of accession negotiations. The following section 4 offers a new look at the IGC as an instrument to protect the relative power of present member countries in an enlarged EU. Section 5 depicts the relative appeal of candidate countries in the light of the political-economic approach followed by the overall conclusions.

2 The decisive actors and their interests

Who are the actors that decide on enlargement? Article 49 Treaty on European Union (see appendix 1) states that a successful enlargement requires a unanimous decision in the Council and an absolute majority in the European Parliament. The European Commission is consulted. Furthermore, an unanimous agreement between all old and new member countries has to be reached and ratified in each country in accordance with respective constitutional requirements.

Thus, it is necessary to look at least at the interests of the Council, the European Parliament and also the European Commission whose consulting role should not be neglected given the importance of the Commission's reports on the progress of candidates towards accession. In order to keep the analysis tractable further actors from the national level (e.g. national parliaments, parties, constitutional courts and the general public in countries with referenda) are not included although they might be important due to their impact on the enlargement decision in the national ratification process (STOIBER AND THURNER, 2000).

Council

National governments represented in the Council act under the re-election constraint. Thus they can not be expected to support enlargement if this would seriously undermine their chances of success at the next national election. Opinion polls (see figures 1 and 2) show that enlargement is not a particularly popular issue among citizens of EU-15. Among all other topics presented in the poll, enlargement gets the lowest points in regard to priority. Only for three countries of Central and Eastern Europe - the Czech Republic, Poland and Hungary – there are more people in favour of accession than against. Nevertheless, even for these three countries an absolute majority in favour of accession is lacking. Citizens in the EU are afraid of a large fiscal burden. Apart from that, the public debate indicates fears of massive East-West-mobility and its consequences for the welfare state and the labour market.

Professional economists' expectations on the long-run economic consequences contradicting public opinion are not likely to have an equally important impact on the governments' position. Although most economic studies tend to describe the economic consequences of enlargement as a "win-win" effect in terms of societies' welfare, where both old and new members will benefit (BALDWIN ET AL., 1997; COURBIS AND WELFE, 1999) this does not convincingly predict a positive stance of EU governments in regard to enlargement in a political-economic view. In a democracy, governments care about the dominant public perception of economic consequences rather than professional long-run forecasts of these consequences.

Furthermore, the positive welfare effects of enlargement in Western Europe are expected to be relatively small in comparison to Eastern Europe. BALDWIN ET AL. (1997) show that the liberalisation implied with enlargement is asymmetric. Central and Eastern European Countries (CEEC) are more protectionist than the EU and EU-trade has a much higher importance for CEEC than vice versa CEEC trade for the EU. Thus fully liberalising this trade implies larger welfare gains for the East than for the West since the extent of welfare gains is positively related to the reduction in protectionism.

Even with an indifferent or critical general public the economic effects could be politically important if they were regionally or sectorally concentrated and thus of concern for special interest groups. Highly affected lobbies with a large potential for mobilising votes could have an impact on the national government's position towards the one or the other direction. With the exceptions of agriculture and trade unions it is hard to identify sectoral interest groups particularly affected by enlargement. The described asymmetry (small relative liberalisation in the West – large in the East) reduces the likelihood that support for enlargement by exporting industries will be strong in the EU.

Import competing industries will have a position between scepticism and neutrality: There are complaints that pre-entry competition from CEE is unfair due to less strict environmental or labour safety regulations. Since enlargement forces CEECs to lift their regulatory levels to the minimum standards of the acquis, this could be welcomed.

While the EU lives in a relatively open trade regime in general this does not hold for agriculture. Here the difference in trade relations with an extra-EU economy and a member country of the Common Market is significant. For farmers in Western Europe, the issue of enlargement clearly is of importance given the share of the agricultural sector in the candidate countries. EU farmers have proven to be a powerful lobby with some influence on governments. Resistance of farmers against enlargement could therefore have an impact on the Council decision. Trade unions might be opposed to enlargement due to the effects of trade liberalisation and labour mobility on real wages.

Summarising the positions of EU special interest groups it is hard to expect any significant support counteracting the general public's scepticism. On the contrary – farmer lobbies and trade unions could become active opponents.

Figure 1: Public support for enlargement in EU-15 (autumn 1999)
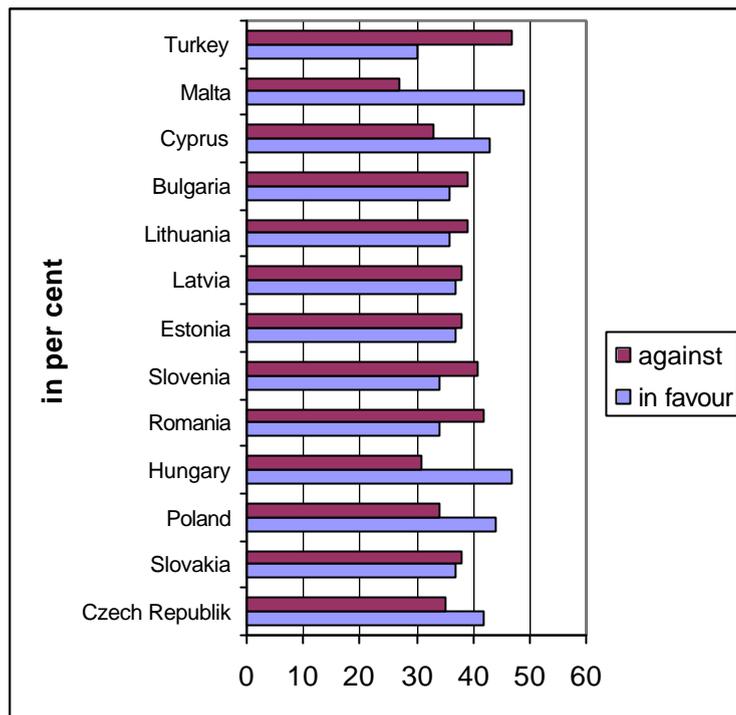
Source: Eurobarometer (European Commission, 2000), question posed: „For each of the following countries, would you be in favour of or against it becoming part of the European Union". Difference to 100 is the percentage of "don't know".

Figure 2: Priorities for EU actions: Preferences of EU-15 citizens
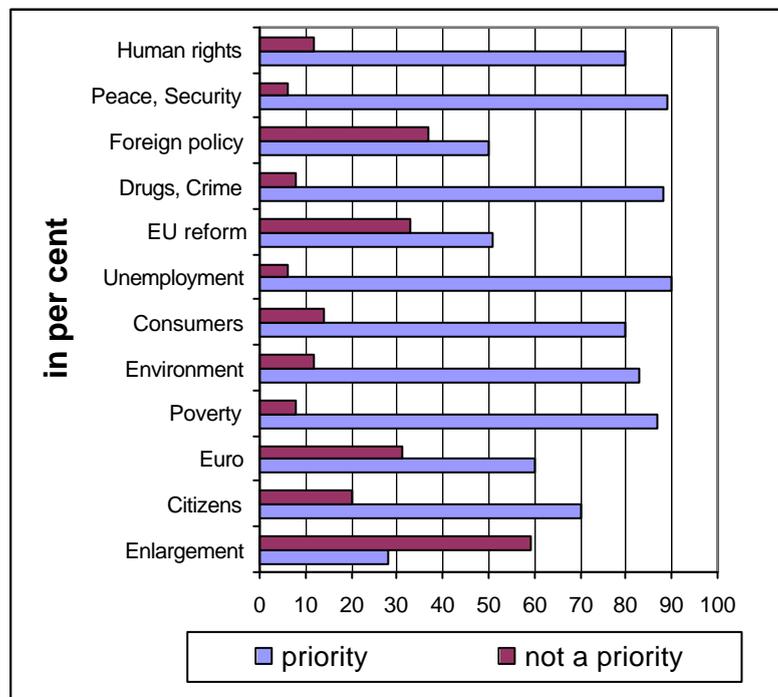
Source: Eurobarometer (European Commission, 2000), question posed: „I am going to read out a list of actions that the European Union could undertake. For each one, please tell me, if in your opinion, it should be a priority, or not?". Difference to 100 is the percentage of "don't know".

EU-15 governments would also have to reckon with a decreasing capacity of the EU budget to serve as a politically useful distributive tool for the benefit of domestic farmers and regions. Due to the construction of structural and agricultural policies, the poor and agricultural new member countries would necessarily become net beneficiaries of the system at the costs of present member countries. This statement holds independently from the pattern of redistribution among present members. Both net-contributors and net-beneficiaries of today's EU-15 would have to reckon with a deterioration of their position after enlargement.

Judging from these considerations the governments represented in the Council could in the best case not expect to win popularity at home. Possibly, however, governments would even harm popularity and thus reduce chances for re-election.

Why should EU governments then support enlargement? One answer might simply be that governing politicians have a programmatic preference for it: The integration of former communist European countries into the EU in order to create a stable political landscape in Europe is a foreign and security policy objective present in most programmes of governing parties. Answers that are more convincing in a political-economic view come from well known self-interests the Council pursues with European integration (VAUBEL, 1994): Centralisation of competencies at the EU level helps the European government to improve their bargaining positions vis-à-vis non-member countries for example in trade negotiations at the world level. Furthermore, a "cartel of politicians" at the European level can help to limit political and economic competition between countries that constitutes an inconvenient restriction. But also governments acting as welfare maximisers might have an interest in extending the regional coverage of EU policies: Integrating new countries into the Community is helpful for internalising all sorts of externalities. One important example concerns environmental policy for cross-border pollution of air and water.

Thus present EU governments face a trade-off: On the one hand enlargement is beneficial for important political functions of EU activities. On the other hand there is the danger that distribution of fiscal resources develops for the disadvantage of EU-15 countries.

European Parliament

Since a European MP is elected by the same voters as the national governments the lacking popularity of enlargement among EU-15 voters should also restrict his enthusiasm for the issue. There are, however, additional considerations. With a positive vote on enlargement a Member of the European Parliament reduces his re-

election chances independent from voters' reaction at the ballot-box. The Treaty of Amsterdam has limited the size of the Parliament at 700 seats (presently 626). Thus, any enlargement requiring seats for more than 74 MP from new member countries would make a reduction of incumbent countries' seats necessary and thus reduce chances of present MP to regain a seat. Table 1 shows that an accession of all 13 candidate countries would force a reduction of total EU-15 seats by up to 28% percent (from the perspective of single EU-15 countries the reduction is even larger). This simple arithmetic indicates that the incumbent MP would not welcome a fast accession of many countries due to a significant reduction in re-election chances – independent from voters preferences on the issue.

The Parliament's new statute for the compensation of its members is to apply a formula oriented at the average compensation of members of national parliaments in the EU (EUROPEAN PARLIAMENT 1999). This could further reduce European MPs enthusiasm for a fast enlargement since they might suffer from income losses. Even if this formula would not be applied mechanically in the future, enlargement would probably limit the scope for future income increases of the MPs.

Given that the European Parliament favours centralisation and an expansion of the EU budget in order to enlarge its responsibilities it might regard enlargement as an helpful instrument. Enlargement will allow for further growth of the budget. The question is, however, whether a present MP's utility is derived from the size of the overall budget or only from those shares that can be used for domestic purposes – e.g. projects benefiting the home constituency. As argued above enlargement will tend to restrict the ability of EU-15 actors to use the EU budget for domestic pork-barrels. Resistance to enlargement could also be augmented if MP fear that there is a trade-off between deepening and widening, in this case assent to enlargement would contradict the European Parliament's natural desire for a advancing centralisation at the European level.

Commission

Applying only the theory of bureaucracy's simple principle of budget maximisation, the interest of the Commission in regard to enlargement would be easily identified: Enlargement makes it necessary to further expand the Commission's budget and staff. Furthermore, the powers assigned to the Commission by the EU constitution would be extended to further countries with millions of inhabitants – changes clearly in the interest of a power and budget maximising institution.

Table 1: Allocation of EP seats and Council votes

	population 1999 (in 1,000)	present EP seats	EP seats option 1	implied reduction	EP seats option 2	implied reduction	council votes, extrapolation
Germany	82038	99	92	-7.07%	71	-28.28%	10
United Kingdom	59247	87	68	-21.84%	62	-28.74%	10
France	58966	87	68	-21.84%	62	-28.74%	10
Italy	57612	87	66	-24.14%	62	-28.74%	10
Spain	39394	64	46	-28.13%	46	-28.13%	8
Netherlands	15760	31	21	-32.26%	23	-25.81%	5
Greece	10533	25	15	-40.00%	18	-28.00%	5
Belgium	10213	25	15	-40.00%	18	-28.00%	5
Portugal	9980	25	15	-40.00%	18	-28.00%	5
Sweden	8854	22	14	-36.36%	16	-27.27%	4
Austria	8082	21	13	-38.10%	15	-28.57%	4
Denmark	5313	16	10	-37.50%	12	-25.00%	3
Finland	5160	16	10	-37.50%	12	-25.00%	3
Ireland	3744	15	8	-46.67%	11	-26.67%	3
Luxembourg	429	6	4	-33.33%	6	0.00%	2
Turkey	64385		73		64		10
Poland	38667		46		46		8
Romania	22489		28		32		6
Czech Republic	10290		15		18		5
Hungary	10092		15		18		5
Bulgaria	8230		13		15		4
Slovakia	5393		10		12		3
Lithuania	3701		8		11		3
Latvia	2439		7		7		3
Slovenia	1978		6		7		3
Estonia	1446		6		6		3
Cyprus	752		4		6		2
Malta	379		4		6		2
Sum present seats of option 1 winners among EU-15 (excl. neutral Spain)		*360*					
Sum EU-15	*375325*		*465*	*-25.72%*	*452*	*-27.80%*	*87*
Sum 13 new members	*170241*		*235*		*248*		*57*
Sum 12 new members (without Turkey)	*105856*		*162*		*184*		*47*
Share EU-15/EU-27	*0.78*		*0.74*		*0.71*		*0.65*
Share EU-15/EU-28	*0.69*		*0.66*		*0.65*		*0.60*
TOTAL	545566	626	700		700		144

Seat allocation Parliament: Option 1 is based on a calculation in direct proportion to population after allocation of a minimum of four to each Member States. Option 2 is based on an extrapolation of the present allocation. Vote allocation Council: Based on extrapolation of present system. All allocations are "official" in the sense that they are options included in presidency notes circulated at the IGC. For exact source: see appendix 2.

A more differentiated view, however, leads to questions whether the present staff of the Commission really favours enlargement as a means to maximise self-interest. One topic of the IGC 2000 is a reform of the national representation in the Commission. One idea that was already in the discussion in Amsterdam is that the five large countries give up the second commissioner. A more extreme limitation of the Commission's size would even abolish the principle "one country – one commissioner". This reform debate shows that enlargement could harm present commissioners' chances to be re-appointed in 2005. Even with a moderate reform – only the large countries give up the second seat – half of the commissioners would be personally negatively affected by a deterioration of career prospects.

These considerations do not hold for lifetime civil servants working for the Commission. Nevertheless, they could also suffer from enlargement by a deterioration of career prospects and increasing work pressure – both important elements in a bureaucrat's utility function. Although there are no formal quota for EU nationalities in Commission staff, each country wants to be represented appropriately. Only four years after the 1995 accession of Sweden, Finland and Austria these countries had already gained shares in the Commission's staff roughly proportionate to their countries' population (NEUSS AND HILZ, 1999). This justifies the expectation that after a new enlargement nationals from the new members will be in a privileged position at recruitment and promotions. Assuming that the new countries will be particular keen in being represented in the top ranks of the bureaucratic hierarchy enlargement could deteriorate career prospects for civil servants with EU-15 nationality.

The following simple calculation hints at an increasing work pressure in the Commission after enlargement. The workload of the Commission as a guardian of the Treaties can be expected to grow with the number of member countries and the EU population. A full enlargement of 12 countries would imply an increase in the number of countries by 48%, EU population would increase by 28%. Judging from the results of the Agenda 2000 the EU budget is planned to grow only in proportion with GNP (being fixed at a level of 1.27% of EU GNP). On the basis of 1998 data, a 12 country enlargement would, however, expand EU GDP only by 4.5%. Thus workload will grow much faster than the budget – not a pleasant perspective for Commission's present staff.

Summing up the personal interests of commissioners and civil servants, Eastern enlargement should be far less popular in the Commission than the 1995 enlargement when accession of three wealthy countries did neither impair commissioners' personal career chances nor implied a mismatch between increase in workload and budgetary expansion. In analogy to the Parliament support for enlargement might be further reduced if there are no provisions that reduce the

trade-off between deepening and widening since the Commission is clearly committed to further centralisation.

Resulting conditions for EU actors' assent

Looking in this way at decisive EU actors the conclusion is that an assent for enlargement is not obvious without limiting the disadvantages these actors could face. Even if one abstracts from the Commission's interests due to its mere consulting role in the enlargement process, the interests of the Members of the European Parliament and the national governments have to be taken seriously. In this public choice view, it is an important function of the IGC and the enlargement negotiations to safeguard convincingly the interests of today's governments and Members of Parliament without whose consent enlargement would have to fail.

3 Strategic issues

As seen above the decisive actors in the Council and the European Parliament may like enlargement from a programmatic point of view, but also fear disadvantages for example in terms of budgetary consequences limiting their ability to serve domestic interest groups. This will be particularly relevant for the governments represented in the Council who fear decreasing popularity at home if consequences of enlargement like high mobility leads to negative effects for some groups in the domestic population (even if these effects might only be a mistaken perception). A further concern is that enlargement could prevent the EU from a degree of centralisation that is desired by these actors. Candidate countries would, of course, have an incentive to take care of these concerns and to accept the corresponding conditions as long as accession remains beneficial given these conditions. However, the strategic constellation of EU enlargement does not allow for this easy solution. In order to shed light on these strategic problems, enlargement negotiations are interpreted in the context of two standard game-theoretic concepts: the discounting infinite bargaining game of Rubinstein and a dynamic (two-period) game with imperfect commitment.

Accession negotiations as infinite bargaining with discounting

Assuming a candidate country being able to commit itself for all future behaviour as a full EU member, enlargement negotiations can in a simplified way be interpreted

as a standard bargaining problem of the kind "splitting a pie" between two parties in the setting of RUBINSTEIN (1982).

In this view, the terms of accession simply determine how the benefits of enlargement are distributed between the incumbent and the new member. While these benefits have obviously to be at least non-zero for both sides, the exact distribution is the result of a bargain. A precondition for enlargement is an agreement on the distribution of these advantages. Particularly the budgetary issues raised in the enlargement negotiations fit well into this interpretation: Decisions whether new member countries get equal treatment in the Common Agricultural or the Structural Policy have a predominantly distributive character. It is hard to see for example objective efficiency related arguments to determine these issues.

Any delay caused by the duration of bargaining makes both parties suffer from discounting, though discount factors may differ. In principle, enlargement negotiations have an infinite time horizon: The incumbent and the candidate country alternate in offering each other a specific distribution of the pie and this goes on until the other side accepts an offer. If one side accepts the offer of the other side the game ends and the gains from enlargement materialise distributed at the shares agreed.

With q_I and q_N denoting the shares of the incumbent and the new country respectively and d_I (d_N) the discount factor (bounded between 0 and 1) of the incumbent and the new member, the solution of the bargaining in the RUBINSTEIN (1982) model are the following (this is a standard result, see also RASMUSEN, 1996, ch. 11 for a derivation):

$$q_I = \frac{1-d_N}{1-d_I d_N} \qquad \text{and} \quad q_N = 1 - q_I$$

Given the perfect information assumption this distribution will result without any delay and as the unique solution. Due to the rational expectation view implied, already the first offer will be chosen in such a way that it will be acceptable for the counter-party. Even from this extremely simple bargaining interpretation there are at least two important messages for the strategic issues involved in EU accession negotiations: First, the conflict over the distribution of enlargement benefits between old and new members as such is no reason for any delay or for fears of a final failure of negotiations. Second, the discount factors are crucial for the resulting distribution of gains. The more desperate one side is to realise enlargement the lower will be its final share in the agreement. The fact that $\partial q_I / \partial d_I > 0$ and $\partial q_I / \partial d_N < 0$ clarifies this: The higher the incumbent's and the lower the new member's discount factor the larger will be the resulting share of the incumbent. This clearly hints on a weak

position of the EU candidates: In many candidate countries the consensus on EU membership is broad (see figure 3 in comparison to figure 1) and for governments in these countries the accession date has become a highly prestigious issue so that discount factors can be regarded to be relatively small compared to that of incumbent governments where enlargement is far from being an urgent desire – neither in the view of the population nor in regard to the personal interests of the decisive actors.

Figure 3: Public support for EU accession in some candidate countries (May 2000)
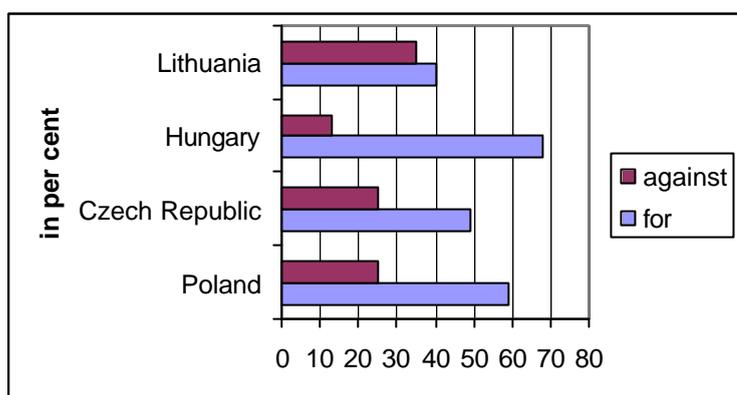
Source: Public Opinion Research Center CBOS, Warsaw, May 2000, question posed: „If a referendum was currently held on the access to the European Union, how would you vote?"

Enlargement and the problem of imperfect commitment

The strategic interpretation of enlargement negotiations in the preceding section bases on at least one unrealistic assumption: the ability of a potential new EU member to commit himself on all future behaviour as a full member. Given the EU constitution and the complexity of policies and decision making such a commitment is hardly possible. No complete agreement can be imagined to fix all necessary details of new members' behaviour. The situation of a new member country's pre-entry and post-entry is fundamentally different. Pre-entry a candidate has no impact on the acquis and basically is confronted with one choice: to join the community with the constitution defined by the old member countries or to stay out. Post-entry the same country takes part in the decision making process both on day-to-day policy and the evolution of the constitution with the same rights as the old member countries.

The post-entry influence can be used for the "national" benefit – i.e. the benefit of the government, important national interest groups and domestic constituencies. On

the budgetary field this means to redirect EU spending towards objectives benefiting the new members. Experiences with former enlargement support the view that this influence will actually be used: After the accession in 1973 the UK has been successful in promoting structural spending in order to benefit from Community spending. The creation of the European Regional Fund can be interpreted in this way (FOLKERS, 1995). The introduction of the UK rebate soon after the country's accession is a further well known example showing how new members successfully correct distributive effects of EU spending. Also after the Southern enlargement in the eighties, countries like Portugal and Spain have been successful to redefine spending priorities of the Common Agricultural Policies to their benefit (BALDWIN ET AL., 1997).

Looking at this asymmetry between the weak pre-entry and the powerful post-entry position this turns out to be an important strategic risk factor for the success of negotiations. Figure 4 describes this problem by depicting the extensive form of the underlying two period game. The incumbent I has the first move and decides whether to accept accession of the candidate country C or not. If the incumbent denies enlargement the game is over with payoffs i_3 (n_3) for the incumbent (the candidate countries). If instead he opens the way for enlargement the candidate country has the next move – as a full member. In this capacity it either respects the established interests of the old member or not.

The payoffs for the candidate are characterised by the relation $c_2 > c_1 > c_3$; while even an enlargement with respect for the incumbent's interest is preferable to no enlargement, the highest payoff results from an enlargement without respecting these interest. For the incumbent obviously the relation $i_1 > i_2$ holds. Furthermore it can be assumed that also $i_1 > i_3$ – otherwise the incumbent would never have started thinking seriously about enlargement. However, it is not clear whether the incumbent still likes enlargement if the new member country follows the no-respect path, i.e. whether $i_2 <$ or $> i_3$. In the real world this depends for example on the answer to the following question: Does Spain still like enlargement if this means the loss of substantial amounts of structural spending to Poland?

If the answer is no, $i_2 < i_3$. In this case the commitment issue becomes crucial for the success of enlargement. If the candidate could make a credible promise to stick to the respect path the accession/respect outcome would be the solution. The distribution of enlargement benefits between both could in this commitment scenario be decided in the bargaining game as described in the preceding section. Without the possibility of commitment, however, this outcome is no subgame perfect equilibrium. The promise of the candidate to respect the incumbent's interests is not credible. Therefore the incumbent who rationally realises the candidate's incentives as a full member will deny his assent to accession.

With $i_2 < i_3$, the incumbent still likes to achieve a credible commitment of the candidate for the respect path, but this issue is no longer crucial for enlargement. Without the possibility of a credible commitment, the accession/no respect outcome will be the resulting equilibrium.

Figure 4: Extensive Form of the Accession Game
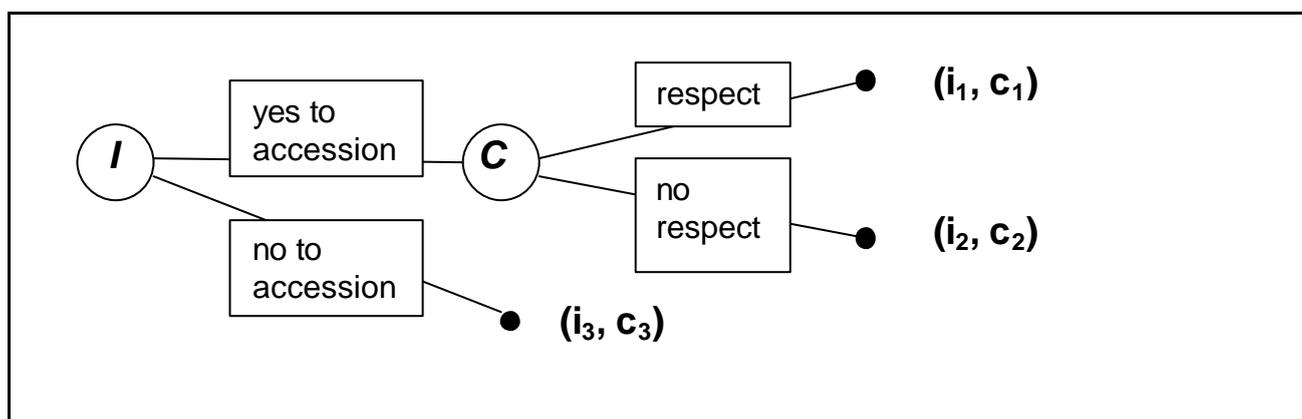
In the light of this analysis the strategic function of the enlargement negotiations is to create commitment devices that guarantee the incumbent countries that enlargement remains beneficial. In this sense the focus of negotiations should be the restriction of the post-entry options of candidates. One instrument is the imposition of transitory periods in which exceptions from the established Community rules are defined for the disadvantage of new members. An example concern the most expensive budgetary field, the Common Agricultural Policy, where it is debated whether farmers in central and eastern Europe should get income support or not. But also other preparations of incumbent countries outside the accession negotiations serve the purpose to protect incumbent countries from the actions of future members. The Agenda 2000 has defined the size and structure of the EU budget until 2006. Thus there is a binding fiscal framework which would prevent new countries from changing the budgetary policy for their advantage before the year 2007. "Ring-fencing", a detail of the Agenda 2000 package illustrates this: For the financial perspective 2000-2006 budgetary expenditures for EU-15 countries and new member countries are defined separately. Spending in EU-15 is explicitly protected from redirecting it to new member countries: "Expenditure earmarked for headings 1 to 7 [*this includes all spending for EU-15 countries, the author*] cannot be used to supplement the cost of new accessions" (INTERINSTITUTIONAL AGREEMENT, p. C 172/4).

While one could argue that a protection of incumbents' interest for few years is not very much given the long-run influence of new members, the question is which is the relevant time horizon for the decisive EU actors. For the individuals deciding on enlargement in the West, it is sufficient if incumbents' interests are guaranteed for the individually relevant time horizon. If for example transitionary provisions in sensitive fields like agriculture and mobility protect present governments and Members of the European Parliament for two election periods this would in most cases be sufficient to safeguard personal interests.

4 A Reinterpretation of the Intergovernmental Conference

The preceding analysis leads to a reinterpretation of the IGC. The official rhetoric motivating the IGC 2000 is characterised by a general interest view: A new Treaty is said to be necessary in order to keep the EU able to make decisions and to proceed with integration. Without adequate changes enlargement would paralyse both day to day work and further developments. Subjects that have been discussed at the conference since February 2000 are among others: the size and composition of the Commission, the weighting of votes in the Council, the extension of qualified majority voting in the Council and the allocation of seats in the Parliament given the 700 seats restriction of the Treaty of Amsterdam (see CONFER 2000d for an overview of reform options and official motivations).

Both the political-economic view and the strategic analysis recommend to take account of the following driving motive for the Treaty of Nice: Since the IGC 2000 is probably the last opportunity to change the EU constitution without requiring a consent with the new members, the IGC will also be used to protect the interests of EU-15 actors during and after enlargement for the disadvantage of new members. Thus, a success of the IGC is indeed a precondition for enlargement albeit in another way than motivated officially.

There are two different approaches to protect the interests of present EU actors. The first approach aims at permanent constitutional changes that work for the advantage of actors from incumbent member countries. The second approach uses transitory rules that helps present individuals without giving a permanent protection for people that in future will replace these individuals. Both approaches are likely to be implemented in the Treaty of Nice.

Council

Concerning the reform of the Council, a possible reweighting of votes and/or the introduction of dual majority are central topics of the IGC 2000. Furthermore, the possible extension of qualified majority voting instead of the unanimity requirement is debated. Officially, this debate is driven by the desire to keep this institution able to take decisions and to limit disproportions between population size and political influence. A simple extrapolation of the present weighting would after an enlargement increase these disproportions. Today a qualified majority is possible with a minimum population share of 58% while this share would drop to 51% in EU-28 (CONFER, 2000b). Both a reweighting of votes for the benefit of larger countries and the dual majority would be measures to strengthen democratic legitimacy of Council decision - if legitimacy is defined to be positively influenced by a higher degree of population proportionality. Also the extension of qualified majority would serve this objective since under unanimity disproportions are at a maximum: The smallest country has equal power to the largest country.

In the logic of the reinterpretation of the IGC 2000 offered here, an additional motivation might drive these reforms: Reweighting, dual majority and extension of qualified majority are useful reforms given the strategic objective to limit the power of new member countries.

In comparison to debated reforms concerning the Parliament (allocation of seats) and the Commission (number of commissioners), individuals acting in the Council will not be directly affected in terms of personal career perspectives if the allocation of votes is changed. These individuals draw their income and privileges from being members of the national government. The number of votes in a Council decision is not directly relevant for national re-election chances. However, an indirect link between Council power and re-election chances exists as described in the above accession game. Individuals of incumbent governments will be interested to limit the power of the newcomers. Otherwise they would have to fear to lose control over EU policies which in the past was helpful to foster re-election chances by favouring important domestic interest groups.

Under unanimity decision the power of newcomers would be largest: The new members would command 44,4% of votes necessary for an unanimous decision - 12 out of 27, whereas the population share is 22% (calculated for EU-27, without Turkey). Therefore, an extension of qualified majority in the Treaty of Nice can also be interpreted as a measure to defend the interests of the old member countries in the context of the above described accession game. Thus, decisive actors in EU institutions might have a double motive to extend majority voting: It reduces the conflict between deepening and widening and thus guarantees e.g. the Council that

political cartels can be built; it furthermore reduces the power of the new member countries.

With majority voting based on the extrapolation of the present weighting scheme the new members would with 35% of votes have less power than under unanimity but still have a share far above the population share of 22% (for EU-27 without Turkey, see table 1). Reweighting could be preferred by EU-15 countries in order to further reduce this share. The effects of a dual majority where both a certain majority of votes and population is necessary to reach a qualified majority are more complex. FELTGEN (1998) analyses this issue with the help of the Shapley-Shubik power index for an accession of six countries (Poland, Czech Republic, Hungary, Slovenia, Estonia, Cyprus). This power index is based on a 'pivotal' concept. Each country's share out of all possible coalitions is calculated for which this country is crucial to turn a losing coalition into a winning one (FELSENTHAL AND MACHOVER, 1998). The analysis shows (see table 2) that the power of old members in EU-21 is increasing, if dual majority is introduced compared to the extrapolated present system. The larger the population share necessary to reach the dual majority the more power the EU-15 countries gain.

In the ongoing debate the weighting of votes is only described as a conflict between small and large countries in today's EU. This reinterpretation indicates why small countries could be willing to accept reweighting for the advantage of large countries: They might hope that this will benefit old member countries as a whole. This hope is rational if policy preferences in an enlarged EU will differ much more between old and new members than between small and large members.

Thus two results emerge: First, it is in the logic of the accession game that incumbent governments extend majority voting in order to limit the power of newcomers. Second, in regard to modifications of majority voting, dual majority and reweighting are substitutive measures to increase the relative power of incumbent member countries in an enlarged Community.

Table 2: Distribution of power in the Council - Shapley-Shubik power index (EU-21)

	qualified majority	dual majority (P60)	dual majority (P70)	dual majority (P80)
Germany	9.33	10.26	16.98	20.72
United Kingdom	9.33	9.61	11.43	12.42
France	9.33	9.60	11.38	12.33
Italy	9.33	9.60	11.32	12.12
Spain	7.33	7.56	7.57	8.71
Netherlands	4.44	4.26	3.66	3.54
Greece	4.44	4.24	3.22	2.57
Belgium	4.44	4.24	3.22	2.57
Portugal	4.44	4.24	3.22	2.57
Sweden	3.35	3.21	2.50	2.21
Austria	3.35	3.20	2.43	2.04
Denmark	2.63	2.51	1.82	1.16
Finland	2.63	2.51	1.82	1.16
Ireland	2.63	2.50	1.67	0.86
Luxemburg	1.70	1.60	0.96	0.21
Poland	7.33	7.56	7.37	8.65
Czech Republic	4.44	4.24	3.22	2.57
Hungary	4.44	4.24	3.20	2.56
Slovenia	1.70	1.61	1.04	0.44
Estonia	1.70	1.61	1.02	0.36
Cyprus	1.70	1.60	0.97	0.24
Total	100.0	100.00	100.00	100.00
EU 15/EU 21	78.7	79.14	83.2	85.19

Source: FELTGEN (1998). Qualified majority stands for the extrapolation of the present weighting of votes and majority requirement. The third to fifth columns calculate power shares for different modifications of dual majority. P60 indicates: Besides the standard majority of votes (70%) a majority of 60% of the population must be reached.

Parliament

Regarding the 700 seats restriction of the Treaty of Amsterdam (Art. 190) as given, enlargement will necessarily reduce the number of EP seats for EU-15 countries. For today's individual MP this is a personal disadvantage in terms of re-election chances. Depending on the country and the scenario (number of new countries, allocation formula of seats) re-election chances can drop by up to 47% (case of Ireland under option 1, see table 1). This is, however, only a relevant consideration if the necessary reduction takes place within the expected active political life of an individual present MP. A MP who does not intend anyway to serve for another term

is not personally affected by a reduction of seats for his country. Thus, today's MP will tend to favour transitional provisions that delay necessary reductions. The earliest possible time for the reduction to take effect is after the next European election in 2004. The latest possible time is probably the legislative period starting in 2009. Delaying the adjustment until 2009 would protect effectively a majority of today's MP as can be seen from the age distribution (table 3). 70% of the Members of the European Parliament as of July 2000 would be aged 60 or less at the 2004 election so that for them another term would often be interesting. Therefore a large majority would expect to be personally negatively affected by an early adjustment. This share will decrease to 46.8% in 2009. This is an indication how transitional provisions delaying the reduction until 2009 will reduce resistance against enlargement resulting from the personal interest of today's MP. Obviously a strategy to restrict an early enlargement to few and small countries is also capable to protect these personal interests.

Table 3: Age distribution of present EP members (July 2000) in 2004 and 2009

age class	2004 absolute	2004 cumulative share	2009 absolute	2009 cumulative share
<30	5	.80%	1	.16%
31-40	35	6.39%	19	3.19%
41-50	133	27.64%	65	13.58%
51-55	120	46.81%	88	27.64%
56-60	145	69.97%	120	46.81%
61-65	111	87.70%	145	69.97%
66-70	48	95.37%	111	87.70%
>71	29	100.00%	77	100.00%

Own calculations, based on EP membership in July 2000 (website European Parliament).

Further protection would result from adjusting the permanent formula for allocation of EP seats. The present system is characterised by a strong disproportion in relation to population benefiting small countries. One option proposed by the EP itself is to apply a key in direct proportion to the population after granting each country a minimum of 4 seats ("option 1"). The alternative is a simple extrapolation of the present formula ("option 2"). As can be seen from table 1, both options have significant differences for MP of most countries. Option 1 benefits the large four countries. Since the four largest countries presently have a majority of 360 of a total 626 total and Spain is indifferent between both solutions this could explain why option 1 is favoured by a majority in the EP (CONFER, 2000c).

Another advantage of option 1 in terms of this personal interest view is related to the above described accession game: MPs of EU-15 are likely to fear that representatives of new member countries will use their power to redirect EU funds from the West to the East. Therefore, the formula for seat allocation can be seen as an instrument to limit this risk. Since candidate countries are on average smaller than incumbent countries option 1 based on population proportionality would reduce the share of new members' seats in the parliament. Under option 1 (option 2) EU-15 seats would add up to 465 (452) out of 700 for EU-28. The difference becomes even more pronounced if the comparison is based on the EU-27 scenario without Turkey. This characteristic offers therefore another explanation why the EU-15 parliament favours population proportionality.

Commission

Concerning the Commission the central issue at the IGC 2000 is size and composition (CONFER, 2000a). More specifically, the question is whether in spite of enlargement each member state should have a commissioner or not.

Personal interests of present commissioners hoping to be re-appointed in 2005 would best be protected if each country keeps a commissioner. Even then, however, reappointment chances of 10 present commissioners would be cut by half if the five large countries lose the second seat in the collegium. Applying an age analysis (see table 4) similar to the approach for the parliament shows, however, that this is not a serious problem for the concerned individuals. Commissioners from the five large countries are relatively old: 8 of a total of 10 will be 60 or above at the time of the next regular appointment of a new Commission in 2005. This contrast to the age structure of commissioners from small countries where 3 of a total of 10 will be 60 or above in 2005. This indicates that resistance against the loss of the second commissioner for the five larger countries can be expected to be low among the individuals in today's Commission. Resistance should be more intense against the abolition of the principle of national representation since this would hurt a significant number of present commissioners personally.

Of course, preference of individuals in the Commission will only have a limited impact on the decisions of the IGC 2000 given the merely consulting role of this institution in the process. Member countries, Council and Parliament could, however, design the Commission reform also with regard to limiting the power of new member countries. Giving each member country only one commissioner would allocate the new members a weight of 44,4 % in the Commission of EU-27 (without Turkey) contrasting to a population share of 22% (see table 1). It would obviously be better for EU-15 to stick to the principle of 2 commissioners for large countries –

among the new member countries only Poland could claim a second one. This would, however, be a hardly acceptable strategy since this would further expand the size of the Commission. An alternative option would be to build groups of small countries with the right to have one commissioner jointly. This would be able to increase the share of EU-15 in the Commission.

Table 4: Age of commissioners

Commissioner	Country	Born	Age end of 2005
Franz Fischler	Austria	23.09.45	60
Philippe Busquin	Belgium	06.01.41	64
Poul Nielson	Denmark	1943	62
Erkki Liikanen	Finland	19.09.50	55
Pascal Lamy	France	1947	58
Michel Barnier	France	09.01.51	54
Günter Verheugen	Germany	28.04.44	61
Michaele Schreyer	Germany	08.08.51	54
Anna Diamantopoulou	Greece	1959	46
David Byrne	Ireland	26.04.47	58
Romano Prodi	Italy	09.08.39	66
Mario Monti	Italy	19.03.43	62
Viviane Reding	Luxembourg	27.04.51	54
Frits Bolkestein	Netherlands	1933	72
Antonio Vitorino	Portugal	12.01.57	48
Loyola de Palacio	Spain	16.09.50	55
Pedro Solbes Mira	Spain	31.08.42	63
Margot Wallström	Sweden	28.09.54	51
Neil Kinnock	United Kingdom	28.03.42	63
Chris Patten	United Kingdom	1944	61

Dates of birth from Commission Website.

Closer cooperation

The European Council of Feira has decided in June 2000 to include provisions on closer cooperation into the IGC's work (CONFER, 2000e). The provisions on closer cooperation (Treaty on European Union, Art. 40, 43-45) have been introduced in Amsterdam but have so far never been applied. The procedure allows a subgroup of EU members a closer cooperation and the use of EU institutions for this purpose. The financial burden of this activity has to be carried by the subgroup itself. The present provisions include restrictive conditions for starting closer cooperation: a majority of countries must take part and this two-speed-approach is subject to a veto right of all members. Thus, at the IGC it is debated, whether the conditions for using the closer cooperation should be relaxed.

Obviously, this initiative is also open for interpreting it in the context of the accession game. The veto right gives each member country independent from size equal power to stop any closer cooperation initiative. Thus under the present provisions each newcomer would have the right to prevent old members from closer cooperation or at least to sell acceptance in a logrolling process. Abolishing the veto-right before enlargement takes place could therefore be seen as a further move to limit the power of newcomers.

5 Political-economic indicators for accession chances

Apart from adjusting the constitution there is a second degree of freedom available for EU actors to maximise self-interest in the course of enlargement: the choice of member countries. Inasmuch the Copenhagen criteria and other restrictions still leave room for interpretation those countries are preferred whose membership would serve best the interest of individuals in present EU governments, the European Parliament and the Commission.

The preceding analysis suggests that EU actors face a basic trade-off in choosing new members. On the one hand they are interested to extend the size of the EU since this amplifies the political and economic usefulness of European integration (benefits from trade, power of EU in international negotiations, political cartel, internalisation of externalities). On the other hand actors from EU-15 face a price for enlargement in terms of power losses in EU institutions and an increasing fiscal burden resulting mainly from the Common Agricultural and the Structural Policies and their application to new member countries. This suggests that the candidate country is most attractive that for a given size implies the smallest power loss and the smallest fiscal burden.

Some simple indicators can be constructed that allow to describe the relative attractiveness of EU candidates in the logic of this approach. Here it is assumed that GDP (in purchasing power standards) is the variable EU actors are most interested to maximise. In the political dimension those countries are most attractive that for a given share of power in EU institutions offer the largest GDP and whose accession is popular in EU-15. In figure 5 the cost profile of candidate countries in the political dimension is depicted in terms of the indicators Council votes/GDP and EP seats/GDP. Option 1 and 2 refer to seat allocations in Parliament based on population proportionality and the extrapolation of the present scheme, respectively. Furthermore, public support in EU-15 for the membership of the candidates is included as an indicator (on the basis of the balance between votes in favour and against accession of each country). All indicators have been standardised by their

means and standard deviations. Thus, positive/negative values indicate a above/below average position in terms of attractiveness and the unit refer to standard deviations of the underlying indicator.

Figure 6 depicts the relative attractiveness of candidates in the fiscal dimension. The following variables serve as indicators since they are crucial for net receipts of a country in the EU budgetary system: per capita GDP (1999), the share of agriculture in gross value added (1998), the share of agriculture in employment (1998) and the unemployment rate (1998). Some of these variables – unemployment rate and GDP per capita – can also be regarded as indicators of migration pressure since they are important determinants in any migration decision. Again variables are standardised and constructed in a way that positive values stand for above average attractiveness.

The following picture emerges: Although countries with large populations tend to be attractive due to their low political power in EU institutions, some small and medium countries have an appeal for EU decision makers due to relatively low fiscal burdens. In contrast countries that like Romania and Bulgaria are large in terms of population have the handicap of small GDP per Council vote and EP seat and in addition threat EU-15 actors with high budgetary costs.

Obviously, the construction of any overall indicator of political attractiveness is necessarily arbitrary and the results must therefore treated with caution. Nevertheless such an aggregation is helpful to illustrate the reasoning presented. Table 5 shows results of such an aggregation: It reports the ranks of candidates on the basis of seven indicators and on the basis of an average of all seven indicators. This overall indicator puts equal weights to all seven standardised subindicators. The order of countries in this table refers thus to their political-economic appeal for actors in the present member countries. The ordering corresponds to the sequencing of accession negotiations so far applied: The six countries of the Luxembourg group (Cyprus, Czech Republic, Estonia, Hungary, Poland and Slovenia; countries for which accession negotiations started already in March 1998) are among the top seven. It also corresponds to the decision of the Helsinki summit in December 1999 to grant Turkey the status of a candidate country: EU membership of Turkey does not seem to be less popular for decisive actors in EU institutions than a membership of countries like Romania, Lithuania or Bulgaria.

Figure 5: Relative attractiveness of candidates: the political price
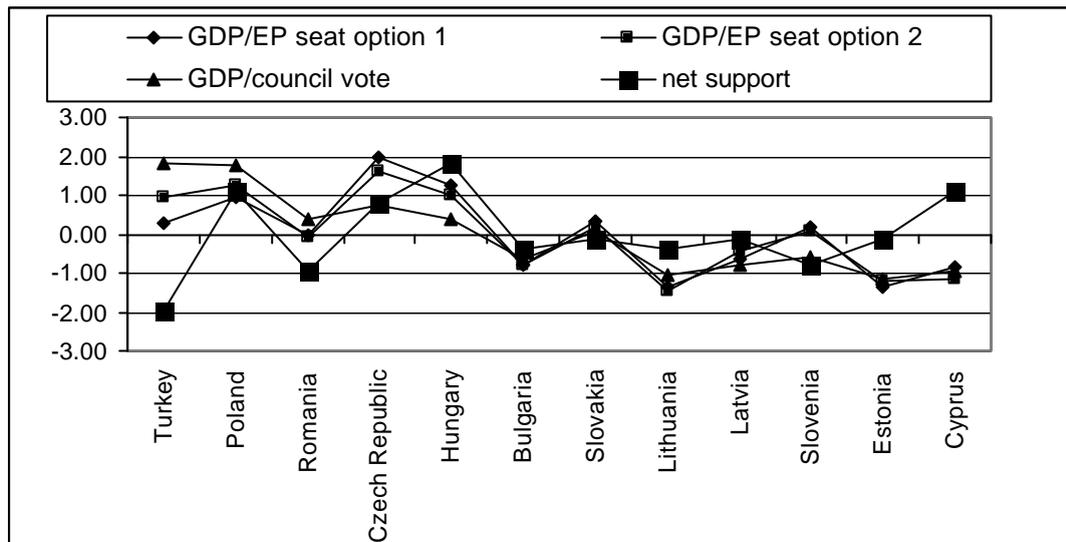
For the values and sources of underlying indicators see appendix 2. Indicators are standardised (mean zero and standard deviation one). Positive values indicate above average attractiveness. Malta not included due to missing values.

Figure 6: Relative attractiveness of candidates: the fiscal price
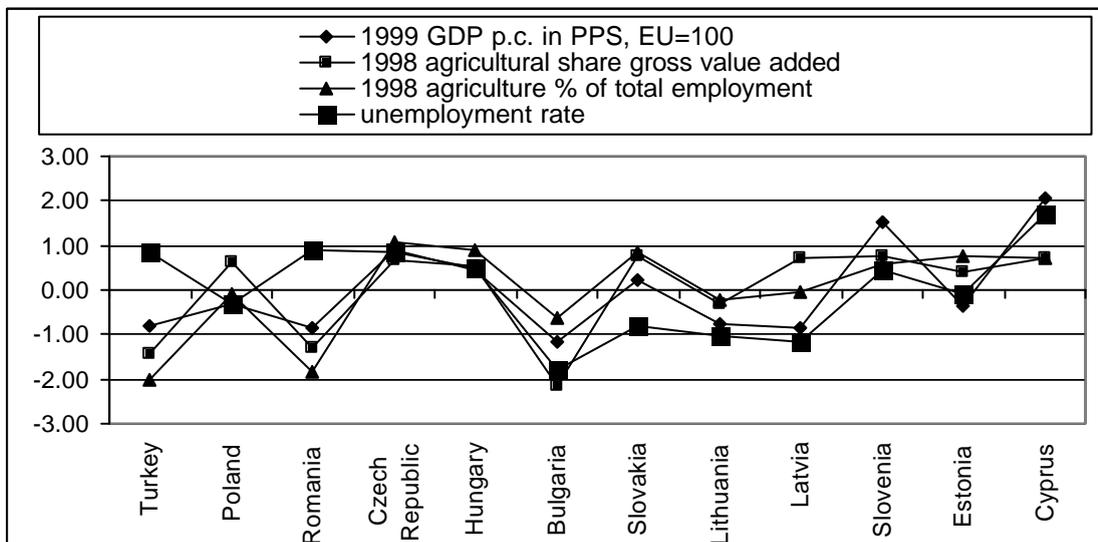
For the values and sources of underlying indicators see appendix 2. Indicators are standardised (mean zero and standard deviation one). Positive values indicate above average attractiveness. Malta not included due to missing values.

Table 5: Ranks of political-economic appeal for different indicators

	mean of all 7 indicators	GDP/EP seat option 1	GDP/ Council vote	1999 GDP p.c. in PPS	1998 agric. share gross value added	1998 agric. share total employ- ment	unem- ployment	net support
Czech Republic	1	1	3	3	5	1	4	4
Hungary	2	2	4	4	7	2	5	1
Cyprus	3	10	10	1	4	5	1	2
Poland	4	3	2	6	6	8	8	2
Slovenia	5	6	7	2	1	6	6	10
Slovakia	6	4	6	5	1	3	9	5
Estonia	7	11	12	7	8	4	7	5
Latvia	8	8	9	10	3	7	11	5
Turkey	9	5	1	9	11	12	3	12
Romania	10	7	5	10	10	11	2	11
Lithuania	11	12	11	8	9	9	10	8
Bulgaria	12	9	8	12	12	10	12	8

Source of underlying data see appendix 2. Malta not included due to missing data.

6 Conclusions

The basic insights of the analysis are helpful for three different kinds of conclusions concerning the enlargement process: for a better understanding of its strategic difficulties, for cautious forecasts about its likely outcomes and for some normative considerations.

Strategic difficulties: It would not be a realistic approach to abstract from personal interests of decisive actors as one (among other) important driving force in accession negotiations. Members of the European Parliament, Commissioners and politicians of EU member countries are unlikely to use their influence without taking any account of personal consequences. Strategically, a compromise between interest of present and future member countries is complicated by the two-step-nature of the bargaining . For potential member countries it is not possible to commit pre-entry to a certain post-entry behaviour. Accession negotiations, the IGC 2000 and the Treaty of Nice can altogether be interpreted as instruments to overcome this strategic difficulty and to find a way into enlargement that is credibly beneficial for both sides.

Cautious forecasts: Fortunately, the forecast resulting from these strategic difficulties is not a failure of enlargement. A likely outcome is, however, that EU

actors will use constitutional reforms, the timing and sequencing of enlargement and transitional provisions as instruments to protect their self-interests.

Since a two class membership is not compatible with the Community's constitutional principles, rules are likely to be accepted in the IGC that - as a by-product – shift relative power in an enlarged Community to EU-15 countries. Due to the small size of most new member countries, there are thus good chances for larger population weights in majority voting in the Treaty of Nice. Further constitutional reforms likely to be implemented in the Treaty of Nice are an extension of majority voting and a relaxation of flexibility's preconditions – all these reforms would tend to increase the power share of EU-15 countries.

It can further be expected that those candidate countries have the best chances for early accession that combine a relatively low power share in EU institutions with a relatively modest need for EU transfers. The Luxembourg group plus Slovakia and Malta therefore seem to have a better prospect for early accession than the other candidates.

Finally, transitional provisions e.g. in regard to the big spending fields of the EU budget – agriculture and structural funds – are highly likely because these provisions would successfully shield incumbent EU governments from deteriorating re-election chances during their political life-time.

Normative assessment: It is an often experienced fact of political life that welfare improving projects do not necessarily materialise due to the resistance of vested interests. This danger is also real in regard to EU enlargement and it is hardly a promising strategy to simply appeal for more altruism in politics. The economic profession, however, should work harder to find evidence for the benefits and to come to a more realistic assessment of existing risks of enlargement. A better public knowledge about these issues would be likely to make enlargement more popular among the general public in EU-15. In a democracy, this is the most promising way to make the success of the project compatible with the self-interest of elected governments.

This study has largely abstracted from asymmetries of interest within EU-15. This seems to be a legitimate approach in order to focus the analysis and assuming that East-West asymmetries are much more pronounced than West-West asymmetries. Nevertheless the consequences of interest conflicts within EU-15 in regard to enlargement would seem to be a promising direction for future research.

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Appendix 1

Article 49 Treaty on European Union

Any European State which respects the principles set out in Article 6(1) may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members.

The conditions of admission and the adjustments to the Treaties on which the Union is founded which such admission entails shall be the subject of an agreement between the Member States and the applicant State. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements.

Appendix 2

Basis data for indicators on accession chances

	1999 popu-lation	1999 GDP in bio. PPS	EP seats option 1	EP seats option 2	Council votes	1999 GDP p.c. in PPS, EU=100	1998 agric. share gross value added	1998 agric. share total employ-ment	1998 unemp-loyment	1999 net support for mem-bership EU-15
Turkey	64385	378.3	73	64	10	28	16.9	42.3	6.4	-17
Poland	38667	299.1	46	46	8	37	4.8	19.1	10.6	10
Romania	22489	127.6	28	32	6	27	16.1	40	6.3	-8
Czech Republic	10290	128.5	15	18	5	59	4.6	5.5	6.5	7
Hungary	10092	107.8	15	18	5	51	5.5	7.5	7.8	16
Bulgaria	8230	39	13	15	4	22	21.1	25.7	16	-3
Slovakia	5393	53	10	12	3	47	4.1	8.2	12.5	-1
Lithuania	3701	14.1	8	11	3	29	10.3	21	13.3	-3
Latvia	2439	22.8	7	7	3	27	4.3	18.8	13.8	-1
Slovenia	1978	29.7	6	7	3	71	4.1	11.5	7.9	-7
Estonia	1446	11.1	6	6	3	36	6.3	9.4	9.9	-1
Cyprus	752	11.4	4	6	2	81	4.4	9.6	3.3	10
Malta	379	n.a.	4	6	2	n.a.	2.7	1.8	5.1	22
Source	CONFER (2000c)	Eurostat (2000)	CONFER (2000c)	CONFER (2000c)	CONFER (2000b)	Eurostat (2000)	Eurostat (2000)	Eurostat (1999)	Eurostat (1999)	European Commis-sion (2000)